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No. 95-2033

IN THE
Supreme Court of the United States
OCTOBER TERM, 1996

BP CHEMICALS LIMITED and
STERLING CHEMICALS, INC.,
Petitioners,
v.
HOECHST CELANESE CORPORATION,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

MOTION FOR LEAVE TO FILE A BRIEF AS *AMICUS CURIAE* AND BRIEF OF UNION CARBIDE CORPORATION AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER

NORMAN L. BALMER
GERALD L. COON *
JOANNE WILLIAMS
UNION CARBIDE CORPORATION
39 Old Ridgebury Road
Danbury, CT 06817
(203) 794-6221
Counsel for *Amicus Curiae*
Union Carbide Corporation
* Counsel of Record

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MOTION OF UNION CARBIDE CORPORATION FOR LEAVE TO FILE A BRIEF AS *AMICUS CURIAE*

Union Carbide Corporation respectfully moves this Court for permission to file a brief as *amicus curiae* in support of the petition in this case. Pursuant to Supreme Court Rule 37.2, Union Carbide sought the written consent of all parties to the filing of this brief. Petitioners (collectively, "BP") have consented but respondent has not. Accordingly, Union Carbide must file this motion with the Court.

Union Carbide requests leave to file its *amicus* brief to bring to the Court's attention its own experience with respect to the patent-in-suit. This experience should assist the Court in assessing the worthiness of granting

certiorari on the fundamental issue presented in the petition—namely, what evidence a court may consider and how that evidence should be used in deciding the proper construction of patent claims. Resolution of this issue is vital to innovators in the future whether they be Union Carbide, BP, or even respondent.

Union Carbide was involved in the development of guard bed technology to remove iodides from acetic acid used in the production of vinyl acetate, prior to any knowledge that respondent was also developing the same guard bed technology. Union Carbide began use of a guard bed containing "Amberlyst 15" resin before respondent's patent (U.S. Patent No. 4,615,806, or the "'806 patent") issued.[1] Union Carbide was unaware that respondent had applied for the patent. In light of respondent's patent, Union Carbide elected to discontinue use of the Amberlyst 15 guard bed.

Union Carbide worked with BP, its primary acetic acid supplier, to identify alternatives to Amberlyst 15 guard beds. One such alternative was an iodide removal process employing Purolite C-145 resin, which BP invented and patented (U.S. Patent No. 5,003,104). (*See* Pet. App. at 13a.)[2] Only after obtaining an opinion from outside counsel (separate from BP's counsel) did Union Carbide begin using a guard bed containing Purolite C-145 resin. Outside patent counsel carefully considered the entirety of the public record on the patent-in-suit (the claims, specification, and prosecution history) in developing an extensive opinion. Union Carbide therefore believed that the use of Purolite C-145 resin would be a noninfringing alternative to the method claimed in respondent's patent. Union Carbide was also sued by respondent after respond-

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[1] The preferred embodiment in the '806 patent calls for the use of Amberlyst 15 resin.

[2] Purolite C-145 resin was also used by BP to treat acetic acid and was ultimately found to infringe in the present case.

ent prevailed in the district court in this case, but settled before trial.[3]

As the Federal Circuit's decision makes plain, the decisive evidence in support of respondent's interpretation of the relevant claim language was *not* contained in the patent's public record or objective and publicly available extrinsic evidence (*e.g.*, dictionary definitions, learned treatises, and scientific articles) of what the claim terms would mean to one of ordinary skill in the art. All of that was found to be inconclusive. (*See* Pet. App. at 6a-9a.) Rather, the decisive evidence was extrinsic evidence not available to the public—the inventor's own self-serving, litigation-induced testimony of what he subjectively intended the relevant claim language to mean, an intent expressed nowhere in the patent or its prosecution history. (*See id.* at 8a-9a.)

The patent system plays a vital role in the invention of new products and technologies. To engage in successful innovation requires certainty as to the precise scope and meaning of existing patents, as this Court has recognized.[4] The uncertainty engendered by the Federal Circuit's decision hinders legitimate design around efforts by rendering claim interpretation "a guessing game." (Pet. at 14.) Union Carbide's own experience with respect to the patent-in-suit as set forth in the attached brief illustrates why the claim construction approach followed by the Federal Circuit in the present case places a party seeking in good faith to innovate around a patent in a perilous position and also provides a graphic example of the deleterious effects of this approach.

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[3] Under the settlement agreement, Union Carbide will be obligated to make an additional payment to respondent if respondent prevails in the present case such that use of Purolite C-145 is found to infringe the '806 patent.

[4] *See, e.g., Markman* v. *Westview Instruments, Inc.*, 116 S. Ct. 1384, 1396 (1996); *General Elec. Co.* v. *Wabash Appliance Corp.*, 304 U.S. 364, 368-69 (1938).

Union Carbide believes that its brief will assist the Court in its review of the petition, and therefore reqeusts that the Court grant its motion for leave to file its *amicus* brief.

Respectfully submitted,

NORMAN L. BALMER
GERALD L. COON *
JOANNE WILLIAMS
UNION CARBIDE CORPORATION
39 Old Ridgebury Road
Danbury, CT 06817
(203) 794-6221
Counsel for *Amicus Curiae*
Union Carbide Corporation

July 17, 1996

* Counsel of Record

QUESTION PRESENTED

Amicus will address the following question:

> Whether a court interpreting a technical term in a patent claim departs from the fair notice function of 35 U.S.C. § 112—which requires that a patent contain one or more claims that particularly point out and distinctly claim the invention—when it relies on extrinsic evidence, such as self-serving inventor testimony, that was not available to members of the public attempting in good faith to construe the patent.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
TABLE OF AUTHORITIES	iv
STATEMENT OF INTEREST	1
REASONS FOR GRANTING THE PETITION	2
CONCLUSION	9

TABLE OF AUTHORITIES

CASES Page

General Elec. Co. v. *Wabash Appliance Corp.*, 304 U.S. 364 (1938) 8, 9

Markman v. *Westview Instruments, Inc.*, 116 S. Ct. 1384 (1996) 7, 8

Markman v. *Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (*in banc*), *aff'd*, 116 S. Ct. 1384 (1996) 7

Unique Concepts, Inc. v. *Brown*, 939 F.2d 1558 (Fed. Cir. 1991) 6

STATUTES

35 U.S.C. § 112 9

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BRIEF OF UNION CARBIDE CORPORATION AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER

STATEMENT OF INTEREST

Union Carbide Corporation is a multinational producer of chemicals and other products, including vinyl acetate, a chemical made through the catalytic conversion of acetic acid. For a number of years, petitioners (collectively "BP") have been Union Carbide's principal suppliers of acetic acid. Because iodide contamination in acetic acid has the potential for deactivating or "poisoning" vinyl acetate catalyst, for a period of time BP used a guard bed containing Purolite C-145 ion exchange resin beads to treat its acetic acid.

Union Carbide also employed a guard bed at the front end of its vinyl acetate plant to treat the acetic acid that it obtained from BP and other sources. From April 1991

until January 21, 1994 (the date of the jury verdict in the present case), Union Carbide's guard bed contained the same Purolite C-145 resin found to infringe respondent's U.S. Patent No. 4,615,806 (the "'806 patent"). Union Carbide discontinued use of the guard bed upon learning of the verdict.

Two months later, respondent sued Union Carbide for alleged infringement of the same patent.[1] In March 1995, Union Carbide and respondent settled that lawsuit, with payment of a sum for past damages and an agreement that Union Carbide would make an additional payment if respondent prevails in the present litigation such that use of Purolite C-145 is found to infringe the '806 patent. Union Carbide thus has a direct financial interest in the outcome of this case.

In addition, Union Carbide and BP are the participants in a joint venture called American Acetyls, involving a sharing of calculated margins on certain acetic acid and vinyl acetate production. The damages awarded below, however, will be borne by BP rather than Union Carbide in the event the petition is denied.

REASONS FOR GRANTING THE PETITION

This case presents the basic and crucial issue of what evidence a court may consider and how that evidence should be used in deciding the proper construction of patent claims. Proper claim construction is essential to every infringement suit. In addition, certainty and predictability in the method of claim construction are essential to encourage innovation over existing patented inventions and the sharing of new technologies through patent licensing. The Federal Circuit's unprincipled consideration of extrinsic evidence in the decision below and its failure to elucidate and adhere to coherent claim con-

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[1] *Hoechst Celanese Corp.* v. *Union Carbide Corp.*, Civil Action No. G-94-200 (S.D. Tex.) (Kent, J.).

struction guidelines undermine the certainty and predictability necessary to an effective patent system. Where ambiguity exists in claim construction of a patent, the Federal Circuit's decision gives the innovator no ability to rely upon the patent's public record in resolving the ambiguity. Rather, the innovator must either not use the technology or face the perils of litigation.

1. Union Carbide, like BP, was involved in litigation with respondent over the '806 patent, and its situation provides an additional compelling case study which demonstrates why certiorari should be granted.

In the mid-1980s, Union Carbide began relying more on third parties for its supply of acetic acid to make vinyl acetate. Many of these third parties were using new technology to make acetic acid—technology that introduced an iodide contaminant. The iodides were known to shorten the useful life of the catalyst used to convert acetic acid into vinyl acetate, necessitating more frequent and costly changes of catalyst. Union Carbide noted shortened catalyst life when it began using third party acetic acid. Accordingly, Union Carbide undertook an investigation to find a method to remove the iodides from the acetic acid.

Independently of respondent and without knowledge of the work of the '806 patent's inventor (Dr. Hilton), Union Carbide developed a process to remove iodides from acetic acid through the use of a guard bed containing "Amberlyst 15" ion exchange resin. Union Carbide put its guard bed into service before respondent's '806 patent issued in October 1986 and long before Union Carbide became aware of respondent's parallel work and patent.[2]

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[2] Although use of a guard bed may save some catalyst costs, it is in no way critical to the operation of a vinyl acetate plant. In fact, Union Carbide has successfully operated its vinyl acetate plant without a guard bed for two and a half years and at record production rates.

The '806 patent claims protection for "a method for removing iodide compounds from a non-aqueous organic medium . . . with an ion exchange resin . . . which is *stable* in the organic medium . . . " (Pet. App. at 3a, emphasis added.) The patent states that the preferred resin for the process is Amberlyst 15 resin. (Pet. App. at 19a.)

Union Carbide learned of the '806 patent, ironically, during prosecution of its own European patent application covering the same technology.[3] Union Carbide, after study of the '806 patent, elected to take its Amberlyst 15 guard bed out of service.[4] With knowledge of the '806 patent, Union Carbide, alone and jointly with BP, began work to identify noninfringing methods for iodide removal. In consultation with BP, which had become Union Carbide's principal supplier of acetic acid, Union Carbide learned that Purolite C-145 resin was effective in removing iodides from acetic acid. BP obtained a patent on its invention of using Purolite C-145 (U.S. Patent No. 5,003,104). (*See* Pet. App. at 13a.) Union Carbide thus set out to determine whether the use of Purolite C-145 resin in a guard bed would infringe the '806 patent.

The critical claim term in the infringement analysis is the word "stable." The term is not defined in the patent claims, but the specification provides "that the resin will not chemically decompose, or change more than about 50 percent of its dry physical *dimension* upon being exposed to the organic medium containing the iodide compounds." (Pet. App. at 5a, emphasis added.) "Dimension," too, is

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[3] This similar aspect of Union Carbide's U.S. patent application was found unpatentable by the U.S. Patent and Trademark Office ("PTO"). The PTO did not rely upon the '806 patent in finding Union Carbide's invention unpatentable.

[4] Although Union Carbide could be faulted for not removing the Amberlyst 15 guard bed as quickly as possible, it did not contest infringement as to the use of this guard bed when sued by respondent.

not defined anywhere in the patent, but there are references to volume change measurements in the patent which reasonably suggest that "dimension" means "volume," and the practice in the chemical industry (what one of "ordinary skill in the art" would understand) is to measure volume changes in resins upon exposure to a solvent. (*See* Pet. at 4 & n.1.)

To confirm its interpretation of the claim language, Union Carbide, separate from BP, sought and obtained an opinion of outside patent counsel. Outside counsel reviewed the entire public record on the patent (the claims, specification, and prosecution history) and investigated what one of ordinary skill in the art would understand the claim terms to mean. Counsel concluded that "stable" referred to a volumetric change.

Union Carbide's tests of Purolite C-145 determined that it was an "unstable" resin—*i.e.*, it expanded more than 50 percent in volume when exposed to acetic acid. In light of these tests, outside patent counsel rendered an extensive opinion concluding that an iodide removal process employing Purolite C-145 resin does not infringe the '806 patent.[5] Several months later, Union Carbide put its Purolite C-145 guard bed into service.

Union Carbide, like BP, was quite surprised when respondent commenced its infringement suit against BP in January 1993. Based upon its opinion of counsel (which in turn was based upon the '806 patent's public record) and the tests for swelling that it had run on Purolite C-145, Union Carbide independently believed that BP's iodide removal process did not infringe the '806 patent. Accordingly, Union Carbide elected to continue use of the Purolite C-145 guard bed. Nevertheless, in the trial of this suit against BP, respondent advanced the view that the inventor's intent—an intent not expressed in the patent or its prosecution history—was for

[5] Union Carbide produced its opinion of counsel to respondent during respondent's infringement suit against Union Carbide.

the term "dimension" to refer to linear measurement and not volume. Thus, Purolite C-145 resin was a "stable" resin because it expanded less than 50 percent in diameter when exposed to acetic acid, and the Purolite C-145 iodide removal process accordingly infringed the '806 patent.

Respondent pressed its case forward to a trial in January 1994. One of the principal witnesses at trial was the inventor, Dr. Hilton, who testified that he meant "dimension" to refer to a linear measurement—even though he conceded that he always measured resin change in terms of volume, not linearly. (*See* Pet. App. at 22a.) The evidence as a whole, including the extrinsic evidence of the parties' experts and proffered dictionary definitions, was "sharply in conflict," as the Federal Circuit later noted. (Pet. App. at 6a.) However, respondent's interpretation of the disputed claim language (which the Federal Circuit subsequently accepted) brings within the ambit of the '806 patent all known, commercially available resins, thereby rendering superfluous the term "stable"—which is supposed to be a claim limitation, circumscribing the types of resins covered by the patent.[6]

The jury, which had been given the claim construction issue to decide and was not instructed by the court on the proper interpretation of the term "stable," returned a verdict of infringement against BP.[7] Subsequently, the district court denied BP's post-trial motions and entered a judgment awarding substantial damages and injunctive relief against BP. (Pet. App. at 18a *et seq.*) Shortly thereafter, respondent commenced its lawsuit against Union Carbide in the same Galveston, Texas court before the same judge.

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[6] *See, e.g., Unique Concepts, Inc.* v. *Brown*, 939 F.2d 1558, 1563 (Fed. Cir. 1991) (claim language cannot be interpreted to be meaningless).

[7] The day that the jury returned its verdict, Union Carbide took its own Purolite C-145 guard bed out of service.

From a review of the jury's verdict and the district court's post-trial decision in this action, it was apparent that the unprincipled claim construction of the jury and district court would be a formidable obstacle to Union Carbide's noninfringement defense. (The district court was not willing to stay respondent's suit against Union Carbide pending appeal of the judgment in the instant litigation.) In addition, respondent was seeking enormous damages from Union Carbide, substantially greater than the damages that were awarded to respondent in its suit against BP, and at a higher royalty rate.

In light of the multi-million dollar damages judgment rendered against BP, the even greater damages that respondent sought against Union Carbide, and the fact that Union Carbide would be tried before the same court that had upheld the jury verdict in respondent's favor on the same patent, Union Carbide determined that, as a matter of practical business judgment, it could not risk a trial. Respondent thus was able to extract a substantial settlement from Union Carbide—far beyond the actual benefit that Union Carbide believed it obtained from use of the guard bed.

2. The Federal Circuit's subsequent decision affirming the district court's decision has only added to the confusion surrounding the role of extrinsic evidence in claim construction. Following its *in banc* decision in *Markman* v. *Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995), and consistent with this Court's subsequent affirmance of *Markman*, 116 S. Ct. 1384 (1996), the Federal Circuit correctly noted that claim construction is a question of law for the court, which required *de novo* review on appeal. (Pet. App. at 3a-4a.) However, upon review of the record, the Federal Circuit found the evidence inconclusive as to the proper interpretation of "stable" and "dimension" and relied decisively on extrinsic evidence not previously available to the public (the inventor's self-serving testimony). (Pet. App. at 6a-9a.) Indeed, the Federal Circuit candidly acknowledged that the inventor's

testimony "enlarg[ed] our understanding of the technology and *the usage of* the disputed terms." (*Id.* at 9a, emphasis added.)[8] Accordingly, the Federal Circuit found literal infringement and affirmed.

3. Although Union Carbide has made peace with respondent, the foregoing discussion vividly demonstrates the importance of the issue presented for review. Innovators in the future, whether they be Union Carbide, BP, or even respondent, will be faced with interpreting patent claim coverage of others. If the meaning of claims can be influenced by extrinsic evidence not publicly available when the interpretation must be made, the innovator is placed in a perilous position. In instances where the price of misjudging the scope of the patent is exposure to enormous damages, prudent innovators will be reluctant to subject themselves to the risk that non-public extrinsic evidence will later be used to undermine their interpretation of the claims. The *de facto* result will be that the patent may quell innovation far beyond the scope that the PTO intended in granting the patent pursuant to the Constitution and patent laws.

In sum, the patent system plays a vital role in the invention of new products and technologies. To engage in successful innovation requires certainty as to the precise scope and meaning of existing patents, as this Court has recognized. *See, e.g., Markman* v. *Westview Instruments, Inc.*, 116 S. Ct. 1384, 1396 (1996); *General Elec. Co.* v. *Wabash Appliance Corp.*, 304 U.S. 364, 368-69 (1938). The patent system is intended to encourage competitors and others skilled in the relevant art to design around patents, as Union Carbide did here. But the un-

[8] Although the Federal Circuit stated that it "treated Dr. Hilton's testimony as cumulative to the other evidence" (Pet. App. at 9a), a plain reading of the opinion indicates that the inventor's testimony was anything but cumulative; it was the extrinsic evdence that tipped the balance in favor of respondent's claim interpretation and a finding of infringement.

certainty engendered by the Federal Circuit's decision in this action renders claim interpretation "a guessing game" (Pet. at 14) and serves as a powerful disincentive to legitimate design around efforts. By relying decisively upon extrinsic evidence not in the public record to determine the meaning of the key claim language (in this case, the inventor's self-serving trial testimony), the Federal Circuit impermissibly renders parties in BP's and Union Carbide's shoes subject to unreasonable claims by patent owners based on evidence not in a patent's public record, including *post hoc*, litigation-induced testimony. *Cf. General Electric*, 304 U.S. at 369 (commenting that the fair notice provision in the patent code (35 U.S.C. § 112 in the present act) "guard[s] against unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their [respective] rights").

Review by this Court is thus essential to restore certainty to patent claims and thereby to ensure the proper balance of interests between patent owners and other inventors in the patent field, which is becoming an increasingly vital component of our nation's businesses.

CONCLUSION

For the foregoing reasons and the reasons stated in BP's petition, the petition for a writ of certiorari should be granted.

Respectfully submitted,

NORMAN L. BALMER
GERALD L. COON *
JOANNE WILLIAMS
UNION CARBIDE CORPORATION
39 Old Ridgebury Road
Danbury, CT 06817
(203) 794-6221
Counsel for *Amicus Curiae*
Union Carbide Corporation

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